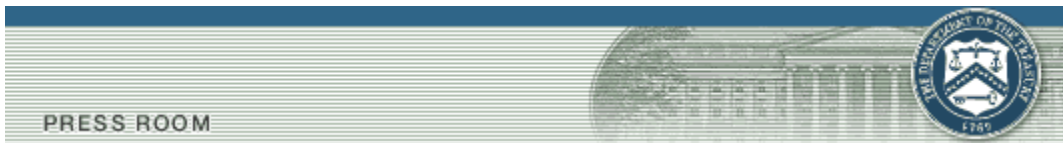


Tranche 10
March 11, 2002

DESIGNEES	ON UN 1390 LIST	TYPE
1 AL-HARAMAIN ISLAMIC FOUNDATION - BOSNIA-HERZEGOVINA	Yes	Entity
2 AL-HARAMAIN ISLAMIC FOUNDATION - SOMALIA	Yes	Entity



FROM THE OFFICE OF PUBLIC AFFAIRS

March 11, 2002
PO-1086

REMARKS BY TREASURY SECRETARY PAUL O'NEILL ON NEW U.S.-SAUDI ARABIA TERRORIST FINANCING DESIGNATIONS

Today, on the six month anniversary of the September 11 attacks, we take a new step in the war on terrorist financing, making our first joint designation of a financial supporter of terrorism. Today we are blocking the accounts of the Somalia and Bosnia-Herzegovina branches of the Saudi Arabia-based Al-Haramain Islamic Foundation. While the Saudi headquarters for this private charitable entity is dedicated to promoting Islamic teachings, we and our Saudi Arabian allies have determined that the Somalia and Bosnia-Herzegovina branches of Al-Haramain have been engaged in supporting terrorist activities and terrorist organizations such as al-Qaida, AlAI (al-Itihaad al-Islamiya), and others.

Few deceptions are more reprehensible than the act of collecting charity from well-intentioned donors, and then diverting those funds to support hatred and cruelty. As I said during my visit to the Gulf, misusing charity funds to support terrorism harms the people who gave the donation, harms the people who should have received it and is dangerous to us all. Organizations that pervert the name of charity are an affront to us all, and we will find them, expose them, and shut them down.

Today the Saudi government is joining us in this blocking action. We have had significant co-operation in blocking accounts of those named by the United States, and our European allies have made designations of their own. As the first joint blocking we've undertaken, today's action is a sign of the growing strength of the anti-terror coalition, appropriate to mark the six month anniversary of the September 11 attacks.

I just returned from a visit to the Persian Gulf, where I had the opportunity to meet with King Fahd and Crown Prince Abdullah, others in the Saudi government, and the leadership in Bahrain, Kuwait and the UAE. Throughout the region I encountered a great recognition that the September attacks weren't only an attack on the United States, but were an attack on the civilized world. The governments there, like elsewhere in the world, are eager to cut off terrorists' access to funds, wherever we may find them. We all agree that we have a responsibility to safeguard charities, so that we can assure people giving to charities that their donations will be used only for their intended good purposes.

This joint designation marks a new level of coordination in the international cooperation that has characterized the fight against international terrorism to date.

I thank the Saudi leadership for taking this step with us, and I hope this is only the first of many similar joint designations we will undertake with other allied nations. On this, the six-month anniversary of the September 11 attacks, as we remember the victims and the horror of that day, we recognize that we still have much to do to prevent such an outrage from ever occurring again.

The United States has blocked more than \$34 million in terrorist assets, and other nations around the world have blocked more than \$70 million. More important than the dollars found in the accounts is the shutting down of these pipelines for much larger amounts of money. We are implementing new safeguards at home to identify suspicious financial transactions and we are improving information sharing within the US government and among our allied governments. We are engaging the entire

world to examine and improve the safeguards on their own financial system. We will continue to perfect the tools in this financial war and to increase our coordination so that we can stop the flow of funds that support terrorism.

Fact Sheet

Designations of Somalia and Bosnia-Herzegovina Branches of Al-Haramain Islamic Foundation

"We must assure people around the world who are giving money to help others that all of the money given for charitable purposes only goes for good purposes. Organizations that pervert the name of charity with acts of hatred and cruelty are an affront to us all, and we will find them, expose them, and shut them down."

*Treasury Secretary Paul O'Neill
March 11, 2002*

Today the United States and Saudi Arabia acted jointly to block the funds of the Somalia and Bosnia-Herzegovina branches of the Al Haramain Islamic foundation because these branches were diverting charitable funds to terrorism. This first joint designation opens a new phase in international cooperation to destroy the terrorist financing network. And it marks the strength of the anti-terror coalition six months after the attacks of September 11.

The Saudi Arabia-based Al-Haramain Islamic Foundation is a private, charitable, and educational organization dedicated to promoting Islamic teaching throughout the world. A growing amount of its funding comes from grants from other countries, individual Muslim benefactors, and special campaigns, which selectively target Muslim-owned business entities around the world as sources for donations.

The branch offices of Al Haramain in Somalia and Bosnia are clearly linked to terrorist financing. The Somalia office of Al-Haramain is linked to Usama bin Laden's al-Qaida network and Al-Itihaad al-Islamiya (AIAI), a Somali terrorist group. Al-Haramain Somalia employed AIAI members and provided them with salaries through Al-Barakaat Bank, which was designated on November 7, 2001 under E.O. 13224 because of its activities as a principal source of funding, intelligence and money transfers for Usama bin Laden.

The Bosnia office of Al-Haramain is linked to Al-Gama'at Al-Islamiyya, an Egyptian terrorist group. Al-Gama'at Al-Islamiyya was designated on November 2, 2001 and it is a signatory to Usama bin Laden's Fatwah dated February 23, 1998, targeting Americans and their allies.

Over the past few years, Al-Haramain Somalia has funneled money to AIAI by disguising funds as if they were intended for orphanage projects or Islamic school and mosque construction. The organization has also employed AIAI members and provided them with salaries through Barakaat Banks and Remittances, a subsidiary of Al-Barakaat Bank.

Even after AIAI was named in the Annex to Executive Order 13224 on September 23, 2001, and subsequently designated by the United Nations under UNSCR 1333, Al-Haramain Somalia has continued to provide financial support to AIAI. In late December 2001, Al-Haramain Somalia

was facilitating the travel of AIAI members in Somalia to Saudi Arabia where the AIAI members planned to apply for residency permits.

The Secretary of the Treasury has the authority to designate the Al-Haramain Somalia and Bosnia offices as subject to Executive Order 13224 pursuant to paragraphs (d)(i) and (d)(ii) based on a determination that it assists in, sponsors, or provides financial, material, or technological support for, or financial or other services to or in support of, or is otherwise associated with, persons listed as subject to EO 13224.

"We put the world's financial institutions on notice: if you do business with terrorists, if you support them or sponsor them, you will not do business with the United States of America."

○

--President George W. Bush, 11/7/01

Starving the terrorists of funding remains both a priority and a success of the war on terrorism. Ever since the President took his initial action in freezing terrorist finances, the international coalition has continuously strengthened its efforts to disrupt, dismantle, and destroy the pipelines from which terrorists receive money.

Our first step has been to deny terrorists access to the world's organized financial structures; simultaneously, we have been moving to bring more of informal money transfer systems and phony charities under government regulation. Both lines of attack have produced results.

- ◆ President Bush launched the first offensive in the war on terrorism on September 23 by signing an Executive Order freezing the U.S.-based assets of those individuals and organizations involved with terrorism.
- ◆ All but a handful of the 192 countries in the world have expressed their support for the financial war on terror.
- ◆ 150 countries and jurisdictions have issued orders freezing terrorist assets, and the international community is helping others improve their legal and regulatory systems so they can move effectively to block terrorist funds.
- ◆ The US has designated 191 known terrorists, terrorist organizations, and terrorist financial networks, whose assets are now subject to freezing in the U.S. financial system.
- ◆ Since September 11, the U.S. has blocked more than \$34 million in assets of terrorist organizations. Other nations have also blocked more than \$70 million. The funds captured only measure the money in the pipeline at the time the accounts were shut down, which is a small fraction of the total funds disrupted by the closing of the pipeline.
- ◆ On November 7, the U.S. and its allies closed down operations of two major financial networks – al-Barakaat and al-Taqwa – both of which were used by al-Qaeda and Osama Bin Laden in more than 40 nations as sources of income and mechanisms to transfer funds. As

part of that action, OFAC was able to freeze \$1,900,000 domestically in Al-Barakaat-related funds. Treasury also worked closely with key officials in the Middle East to facilitate blocking of Al-Barakaat's assets at its financial center of operations. Disruptions to Al-Barakaat's worldwide cash flows could be as high as \$300 to \$400 million per year, according to our analysts. Of that, our experts and experts in other agencies estimate that \$15 to \$20 million per year would have gone to terrorist organizations. The Al-Barakaat investigation exemplifies the importance of the flow of funds disruption measure that we are attempting to use more broadly.

- ◆ On December 4, President Bush froze the assets of a U.S.-based foundation -- The Holy Land Foundation for Relief and Development -- that has been funneling money to the terrorist organization Hamas. In 2000, the foundation raised \$13 million. Because of our actions, next year it won't raise a penny. On January 9, we blocked another spurious charity and two offices of a third for stealing from widows and orphans to fund al Qaeda terrorism.
- ◆ International organizations are key partners in the war on financial terrorism. Since September 28, over 100 nations have submitted reports to the United Nations on the actions they have taken to block terrorist finances, as required under United Nations Security Council resolution 1373 which calls on all nations to keep their financial systems free of terrorist funds.
- ◆ The Financial Action Task Force -- a 29-nation group promoting policies to combat money laundering -- adopted strict new standards to deny terrorist access to the world financial system.
- ◆ The G-20 and IMF member countries have agreed to make public the list of terrorists whose assets are subject to freezing, and the amount of assets frozen.
- ◆ For the first five months of this effort, the US identified terrorists for blocking and then sought cooperation from our allies around the world. A new stage in international cooperation was reached on December 28, 2001, when the EU took the lead and designated 6 European-based terrorists for asset blocking, on which US followed suit. The US designated a further 21 European-based terrorists, at Spain's request, on February 26, 2002. Nations around the world have different information and different leads, and it is crucial that each of allies not only blocks the terrorist financiers we identify, but also develops its own leads to broaden the effort to identify and take action against those who fund terrorism